

AMENDED IN ASSEMBLY MARCH 25, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

## ASSEMBLY BILL

No. 246

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### Introduced by Assembly Member Price

February 10, 2009

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An act to add Section 19597.5 to the Business and Professions Code, relating to horse racing.

#### LEGISLATIVE COUNSEL'S DIGEST

AB 246, as amended, Price. Horse racing: deductions and distributions: trust funds.

Existing law, the Horse Racing Law, generally regulates horse racing and parimutuel wagering on horse races. Existing law requires various deductions and distributions to be made from parimutuel pools as specified.

This bill would require a person licensed to conduct a horse racing meeting to hold in trust the distributions required to be made pursuant to the Horse Racing Law until the funds are paid to the various distributees. The bill would provide that these required deductions, except for those that enure to the benefit of the racing association, are trust funds and shall not be used by the racing association for any purpose other than for payment to those distributees as directed by the Horse Racing Law. *The bill would provide that these funds are not the property of the racing association and are to be held in a separate depository account until they are actually distributed as provided for in the Horse Racing Law.*

By imposing new ~~imposing new~~ codifying requirements on licensees under the Horse Racing Law, the violation of which would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. (a) The Legislature finds and declares that it has  
2 long been established in California that the racing association and  
3 its parimutuel operation is actually a stakes holder. The funds  
4 wagered are not the property of the racing association. The racing  
5 association merely holds the funds wagered until the results of the  
6 race are known, then the association pays the winning wagers, and  
7 holds funds for others pursuant to the California Horse Racing  
8 Law. It has always been known that the funds due the various  
9 distributees are not the property of the racing association. The  
10 racing association is merely acting as a trustee until the funds are  
11 paid to those as provided for in statute.

12     (b) It is therefore the intent of the Legislature that the purpose  
13 of this act is not to change California law, but merely to codify  
14 this trustee relationship.

15     ~~SECTION 1.~~

16     SEC. 2. Section 19597.5 is added to the Business and  
17 Professions Code, to read:

18     19597.5. A person licensed under this chapter to conduct a  
19 horse racing meeting shall hold in trust the distributions required  
20 to be made pursuant to this chapter until the funds are paid to the  
21 various distributees. These required deductions, except for those  
22 that enure to the benefit of the racing association, are trust funds  
23 and shall not be used by the racing association for any purpose  
24 other than for payment to those distributees as directed by this  
25 chapter. *These funds are not the property of the racing association,*  
26 *but are merely held in trust for the benefit of the statutory*  
27 *distributees until the funds are distributed to them in accordance*  
28 *with this chapter. These funds shall be held in a separate depository*  
29 *account until they are actually distributed as provided for in this*  
30 *chapter.*

1     ~~SEC. 2.~~

2     *SEC. 3.* No reimbursement is required by this act pursuant to  
3     Section 6 of Article XIII B of the California Constitution because  
4     the only costs that may be incurred by a local agency or school  
5     district will be incurred because this act creates a new crime or  
6     infraction, eliminates a crime or infraction, or changes the penalty  
7     for a crime or infraction, within the meaning of Section 17556 of  
8     the Government Code, or changes the definition of a crime within  
9     the meaning of Section 6 of Article XIII B of the California  
10    Constitution.

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